

RECORDATION NO.

25382 - C
FILED

FEB 04 '05

1-44 PM

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ELIAS C. ALVORD (1942)
ELLSWORTH C. ALVORD (1964)

OF COUNSEL
URBAN A. LESTER

February 4, 2005

Mr. Vernon A. Williams
Secretary
Surface Transportation Board
Washington, D.C. 20423

Dear Mr. Williams:

Enclosed for recordation pursuant to the provisions of 49 U.S.C. Section 11301(a) are two (2) copies of a Memorandum of Security Agreement, dated as of February 2, 2005, a secondary document as defined in the Board's Rules for the Recordation of Documents.

The enclosed relates to the Memorandum of Security Agreement previously filed with the Board under Recordation Number 25382.

The names and addresses of the parties to the enclosed document are:

Secured Party: HSBC Bank USA, National Association
Commercial Banking Department
One HSBC Center Lobby
Buffalo, NY 14203

Debtor: LR Rail Services, LLC
2730 Transit Road
Buffalo, NY 14224

A description of the railroad equipment covered by the enclosed document is:

3 gondola cars: REGX 6832, REGX 6833 and REGX 6836

Mr. Vernon A. Williams
February 4, 2005
Page Two

A short summary of the document to appear in the index follows:

Memorandum of Security Agreement

Also enclosed is a check in the amount of \$32.00 payable to the order of the Surface Transportation Board covering the required recordation fee.

Kindly return stamped copies of the enclosed document to the undersigned.

Very truly yours,

A handwritten signature in black ink, appearing to read "Alvord", with a long horizontal flourish extending to the right.

Robert W. Alvord

RWA/anm
Enclosures

RECORDATION NO. 25382-C FILED
FEB 04 '05 1-44PM
SURFACE TRANSPORTATION BOARD

MEMORANDUM OF SECURITY AGREEMENT

dated as of February 2, 2005,

by and among

**LR RAIL SERVICES, LLC
as Debtor**

and

**HSBC BANK USA, NATIONAL ASSOCIATION
as Secured Party**

**FILED WITH THE SURFACE TRANSPORTATION BOARD
PURSUANT TO 49 U.S.C. § 11301
on February __, 2005, at __: __ .m.**

MEMORANDUM OF SECURITY AGREEMENT

THIS MEMORANDUM OF SECURITY AGREEMENT is made and entered into as of February 2, 2005, by and among HSBC BANK USA, NATIONAL ASSOCIATION, its successors and assigns ("Secured Party") and LR RAIL SERVICES, LLC, its successors and assigns ("Debtor"), with reference to the following:

1. Secured Party has agreed to make a loan to Debtor, and Debtor has agreed to give Secured Party a security interest in those certain rail cars described on Schedule A attached hereto.

All of such rail cars are more fully described in that certain Security Agreement (Equipment, Consumer Goods, Fixtures) dated as of December 28, 2004 (together with all of the riders, schedules and other attachments thereto, collectively, the "Security Agreement"), by and between Secured Party and Debtor.

2. The Security Agreement is in full force and effect as of the date hereof and shall be subject to the terms specified in the Security Agreement.

This Memorandum of Security Agreement may be executed in any number of counterparts, each executed counterpart constituting an original but all together only one Memorandum of Security Agreement.

(REMAINDER OF PAGE INTENTIONALLY LEFT BLANK)

IN WITNESS WHEREOF, the parties hereto have caused this Memorandum of Security Agreement to be duly executed as of the date first above written.

HSBC BANK USA, NATIONAL ASSOCIATION

By: Mark F. Zeis
Mark F. Zeis
First Vice President

LR RAIL SERVICES, LLC

By: TRWS Management, LLC, as Manager

By: Jeffrey P. Lehigh
Name: Jeffrey P. Lehigh
Title: Chief Financial Officer

SSSoe
BFLO Doc. # 1452885.1

STATE OF NEW YORK)
)SS.:
COUNTY OF ERIE)

On the 2nd day of February in the year 2005, before me, the undersigned, a notary public in and for said state, personally appeared **Mark F. Zeis**, personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his capacity, and that by his signature on the instrument, the individual, or the person upon behalf of which the individual acted, executed the instrument.

Penny S. Madej
Notary Public

STATE OF NEW YORK)
)SS.:
COUNTY OF ERIE)

PENNY S. MADEJ
No. 01H04887578
Notary Public, State of New York
Qualified in Erie County
My Commission Expires 3/16/07

On the 1st day of February in the year 2005, before me, the undersigned, a notary public in and for said state, personally appeared Jeffrey P. Lebak, personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his capacity, and that by his signature on the instrument, the individual, or the person upon behalf of which the individual acted, executed the instrument.

Douglas E. Szalasny

SSSoc
BFLO Doc. # 1456318.1

DOUGLAS E. SZALASNY
Notary Public, State of New York
Qualified in Erie County
My Commission Expires 07/11/2007

SCHEDULE A
TO MEMORANDUM OF SECURITY AGREEMENT

DESCRIPTION OF RAILCARS AND REPORTING MARKS

DESCRIPTION	CAR MARK	CAR NOS.
Three (3) new 6,800 gondola rail cars constructed by Ebenezer Rail Car Services	REGX	6832, 6833, 6836

SSSoe
BFLO Doc. # 1456318.1